

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 279 – HB 475

March 10, 2013

SUMMARY OF ORIGINAL BILL: Requires municipalities annexing due to a petition by a majority of property owners and residents of the affected territory, or upon own initiative, to preserve the prosperity of such municipality, and to receive approval by majority vote of the potentially-annexed residents in a referendum prior to annexation.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – To the extent any referendum is held in conjunction with regularly-scheduled elections, any increase in local government expenditures is considered not significant. However, if a special referendum is required, the mandatory increase in local government expenditures is reasonably estimated to exceed \$8,000. Due to several unknown factors, any change in local government property tax revenue cannot be quantified.

SUMMARY OF AMENDMENT (004267): Deletes all language after the enacting clause. Requires municipalities annexing upon its own initiative to receive by referendum a majority vote of the qualified voters residing within the potentially-annexed territory. The referendum may be held in conjunction with a regularly-scheduled election or the municipal governing body may decide to hold a special election.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – To the extent any referendum is held in conjunction with a regularly-scheduled election, any increase in local government expenditures is considered not significant. However, if a special referendum is held, the permissive increase in local government expenditures is reasonably estimated to exceed \$8,800. Due to several unknown factors, any change in local government property tax revenue cannot be quantified.

Assumptions for the bill as amended:

- Any referendum held in conjunction with a regularly-scheduled would not result in any increase to local government expenditures; however if the municipal governing body opted to hold a referendum not in conjunction with a regularly-scheduled election

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permissive costs will vary based on the population of the local government holding the referendum.

- According to the State Division of Elections, special referendum costs for a municipality range between \$8,800 (the city of Luttrell with a population of 1,080) and \$500,000 (the city of Memphis with a population of 646,900).
- It is indeterminable the number of municipalities that will desire to annex territory, the extent of property desired to be annexed, the value of any such properties annexed, the extent of subsequent economic development that would occur on any annexed property, and whether majority vote was to accept annexation. Due to these unknown factors, a precise fiscal impact to local government property tax revenue cannot be reasonably quantified.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jrh